

PEOPLE

Galbraith and Greene Honored by Moscow U. Moscow State University...

BASEBALL PLAYOFFS Mets, A's Win See Sports, Page 17

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ESTABLISHED 1887

Doubt Over Quayle Helps Dukakis Inch Near Bush in a Poll

By E. J. Dionne Jr. NEW YORK — Governor Michael S. Dukakis, helped by traditional Democrats and by widespread public skepticism about Senator Dan Quayle of Indiana...



A voter in a spirited discussion with a soldier Wednesday outside a polling center in Santiago.

Kremlin Urges Market Reforms

New Chief Ideologist Calls For Economic Flexibility

By Bill Keller MOSCOW — The Kremlin's new chief ideologist, moving quickly to set the tone for the restructuring Soviet leadership, has called for more radical experiments with market economics and rejected the idea of a world struggle against the West.

CLA Reportedly Given A Free Rein by Reagan

By Bob Woodward and Walter Pincus WASHINGTON — President Ronald Reagan signed intelligence authorizations in 1984 and 1985 for aggressive covert operations against terrorists that said any actions taken under the orders would be "deemed lawful" if conducted in "good faith," according to officials.

Turnout Is Heavy in Chile In Referendum on Pinochet

By Eugene Robinson SANTIAGO — Millions of Chileans stood for hours in slow-moving lines Wednesday to vote to accept or reject President Augusto Pinochet's bid for eight more years in power, embracing election rituals that had gone unpracticed since the general took power after a military coup 15 years ago.

Egyptians Resurrect A Parade

Egyptian special forces displaying self-defense techniques on Wednesday at a military parade in Cairo marking the 15th anniversary of the 1973 Arab-Israeli war. It was the first such parade since President Anwar Sadat was assassinated at the same event on Oct. 6, 1981.

Soviets Drop Demand in Arms Talks

By Michael R. Gordon WASHINGTON — The Soviet Union has withdrawn a demand that has held up new East-West talks on cutting conventional arms, according to Reagan administration officials.

Kiosk Reagan Studies Contra Arms WASHINGTON (AP) — President Ronald Reagan is considering asking Congress to supply Nicaragua contra rebels with \$16.5 million worth of weapons stockpiled in Honduras, the White House announced Wednesday.

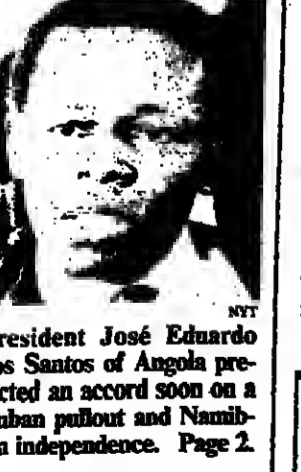
Oil Prices Fall Again On Glut Fear

Compiled by Our Staff From Dispatches NEW YORK — Oil futures prices, battered by bearish news, said Wednesday to set fresh 26-month lows.



New Plague of Locusts Stirs Fears in Africa

By Mary Battiata KHARTOUM, Sudan — An enormous swarm of desert locusts swooped, fluttered and streamed over this African capital for more than two hours recently.



President José Eduardo dos Santos of Angola predicted an accord soon on a Cuban pullout and Namibian independence. Page 2.

Oxford Takes a Cold Lesson in Basic Thatcherism

By Craig R. Whitney NEW YORK — Matthew Arnold, professor of poetry here from 1857 to 1867, described it as "that sweet city with her dreaming spires." But here and at every other British university, the ivory tower is tumbling down.

General News About 2,000 Yugoslav workers entered the parliament in Belgrade in a protest. Page 2. Fashion Italian designers have softened the sexy look and are lengthening skirts and pants. Page 7. Business/Finance The U.S. tariff regulatory agency raised its estimate of the cost of an industry bail-out to \$50 billion. Page 9.

Table with 2 columns: Dow Jones, The Dollar. Rows for Up/Down and values.

THE COBURG HOTEL... Page 13 FOR MORE CLASSIFIEDS

NATIONAL BUSINESS CENTER... SHIPPING

VOLVO MONEY... Volvo advertisement text.

Slick vs. Slick: Dukakis Ads Hit Bush's Image Men

By Lloyd Grove
Washington Post Service

WASHINGTON — Behind in the polls and buffeted by television commercials slandering his record on crime and the environment, Governor Michael S. Dukakis has launched a multimillion-dollar advertising campaign attacking his opponent's media advisers.

With lies and base appeals to patriotism and fear.

The Dukakis campaign has spent an estimated \$1.5 million to air them through the end of the week and plans to "put a lot of money behind them" in battleground states, said a senior media strategist to the Democratic nominee.

"I've never seen a campaign like the Bush campaign, where the back room is so up front, where the handlers take such unabashed pride in their ability to manipulate," said Scott Miller of New York's Sawyer-Miller Group, which produced the ads for Mr. Dukakis. "These spots are a compliment to Roger Ailes," he said, referring to the senior media adviser for Vice President George Bush.

"I think they set themselves up for this kind of an advertising campaign," said Mr. Miller's partner, Mandy Grunwald. "You guys in the media are already writing about the cynicism of Bush and the Pledge of Allegiance, the choice of Dan Quayle, and we know it's been bothering people. The big question is: Where did this new, improved George Bush come from?"

Mr. Miller said the series is aimed at three Bush vulnerabilities that show up in campaign polling and interviews with potential voters: doubts about the Republican's leadership abilities, his judgment and his political consistency. Acknowledging that the new ads are risky, Mr. Miller said, "When you're trying to change the dialogue, you have to take some chances."

Mr. Ailes said he is unconcerned. "I think it's a bunch of liberals sitting around pretending they're not liberals and playing to 25 other liberals," he said. "It's a massive waste of money and a stupid campaign tactic, but I understand why they do it. It makes them feel better when they go to their white-wine-and-quirky parties on the Upper East Side. I hope they spend a fortune on them, while we talk about the issues."

They recount negative aspects of the Reagan administration's environmental record and one says of Mr. Bush, "He's going to say he loves the environment. He's going to make it clean and wonderful."

"He'll say that?"
Laughter.

All the Dukakis spots end: "They'd like to sell you a package. Wouldn't you rather choose a president?"
Reaction to the Dukakis ads has been mixed, with several rival media consultants saying they lack broad appeal. "I wonder if they're not too subtle," said Carl Strubbe, a Democratic media consultant.



Senator Quayle, center, arrives in Omaha with his wife, Marilyn, right.

Quayle: Little Left to Chance

By Gerald M. Boyd
New York Times Service

WASHINGTON — As a top Bush campaign official discussed Senator Dan Quayle recently, he struggled to explain several gaffes by the Republican vice-presidential candidate, such as Mr. Quayle's declaration that he "did not live in this century."

He finally said that Mr. Quayle was no "rocket scientist," reflecting a concern that runs throughout the Bush campaign about the Indiana senator's perceived limitations as a national candidate.

The assessment explains why Mr. Quayle went into the debate with Senator Lloyd Bentsen of Texas, his Democratic counterpart, on Wednesday night as one of the most thoroughly managed running mates in history.

There has been a broad effort of late by the Bush campaign to bolster Mr. Quayle's standing in the face of opinion polls that show continued doubts about his qualifications and his ability to serve as president.

Campaign officials point out that he has traveled to 36 states and has raised more than \$2 million for Republican state campaign organizations since August.

"People here are truly supportive of Dan Quayle on every level," said Lee Atwater, the Bush campaign manager. "It's as simple as that."

But at the same time, some aides concede that Mr. Quayle had a

rocky start on the ticket amid questions about his background and his service in the National Guard at the height of the Vietnam War.

In addition, he made several gaffes that concern some Bush advisers, such as calling the Holocaust an "obscure period in our nation's history" and then explaining, "I didn't live in this century."

Mr. Quayle has been relegated to a role that aides insist is normal

Aides say his schedule is determined by the Bush campaign, as is what he says and how he says it.

for a running mate; shoring up the base, campaigning in areas where the top of the ticket is unlikely to reach and attacking the top of the other ticket. Although that approach has attracted little attention nationally, on the local level it has led to largely positive articles in newspapers and generally favorable television appearances.

"If our aim was to hide Dan Quayle, we have been doing a lousy job at it," said Mark Goodin, a campaign spokesman.

Referring to an appearance in Louisiana last week, Richard N.

Bond, Mr. Bush's national political director, said: "George Bush and his ticket are better off in Louisiana from Quayle's trip there. He reached hundreds, if not thousands, of people."

But campaign officials concede that Mr. Bush has left little to chance regarding his running mate. He is coached by a team led by Stu Spencer, a veteran Republican political strategist; Joseph Canzani, a former White House aide, and Kenneth L. Khachigian, who has served as a speechwriter to President Ronald Reagan.

Mr. Quayle's schedule is determined by the Bush campaign, as is what he says and how he says it, aides said. For the most part, he has avoided unscheduled contacts with reporters, speaking with them for the first time for about 45 minutes on a trip last week.

"There is a difference campaigning in Indiana and campaigning nationally," said another senior Bush aide, who compared Mr. Quayle with a rookie in the National Football League who was leveled by a huge veteran lineman on his first play from scrimmage. "He's had to learn it."

Some aides told reporters that he will not try to create much news nationally between now and the election, a pattern he has kept since August. They say that such a role is designed to avoid distracting attention from Mr. Bush.

Bush Rejects a Direct Debate on TV

WASHINGTON (AP) — Vice President George Bush on Wednesday declined an invitation to appear with Governor Michael Dukakis on the ABC-TV program "Nightline" after Mr. Dukakis had accepted the offer. The network invited both candidates to "engage in an open-ended discussion concerning the issues being raised in the 1988 presidential campaign," which would have been conducted outside the tight rules of their other two debates, Roone Arledge, ABC News president, said.

A Bush spokesman, Mark Goodin, said: "We're not going to do it. An open-ended discussion of the issues is a debate. We committed the campaign to two debates."

Florida's 'English First' Drive Falters

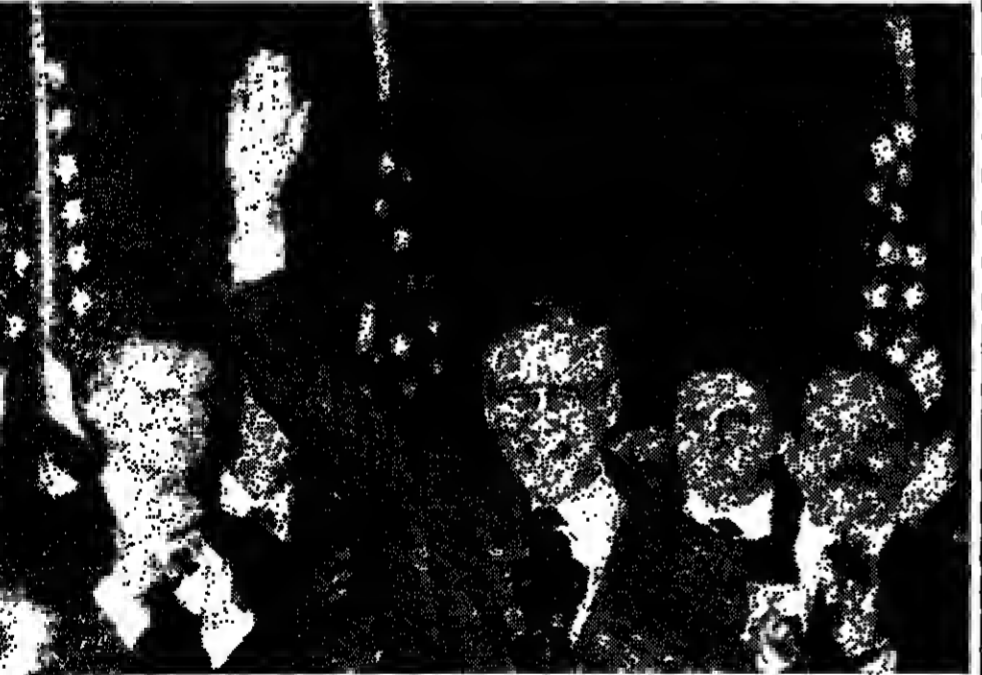
MIAMI (AP) — A campaign in Florida to make English the state's official language could be invalidated because petitions to place the question on the ballot were all in English despite a federal law requiring Spanish-language voter information in counties with many Hispanic residents, a U.S. Justice Department spokesman has said.

He said the campaign violated a provision of the Voting Rights Act of 1965 requiring voting literature to be issued in a second language in areas where more than 5 percent of the population has a limited knowledge of English.

Leaders of English Plus, a Florida group opposed to the official-English campaign, say they will decide this week whether to seek a court injunction to remove the question from the Nov. 8 ballot.

Photo-Finish Winner in Washington

OLYMPIA, Washington (AP) — Two weeks after three Washington state Democratic candidates for lieutenant governor finished the primary election in a virtual dead heat, state Senator George Fleming has emerged the winner. Unofficial but complete statewide figures, released Tuesday, showed that Mr. Fleming edged his nearest competitor, state Senator Nita Rinehart, by fewer than 5,000 votes.



Senator Bentsen waves to supporters in a pre-debate rally at the Omaha airport.



Your success comes from taking risks. Ours comes from spreading them for you.

Effective risk management in today's volatile market conditions requires close contact with stock markets around the world. Plus a sophisticated analysis of the political and economic pressures that move exchange and interest rates. And a keen eye for investment opportunities broader than the conventional range of options. It demands, in short, a full-time, thoroughly professional approach.

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Lloyds Bank International Private Banking offers you a complete service, with unlimited access to a personal adviser, your account executive. This adviser will be an experienced professional with whom you can discuss problems or opportunities at any time. He or she is also part of a banking team with representation in 40 countries and contacts everywhere in the world.

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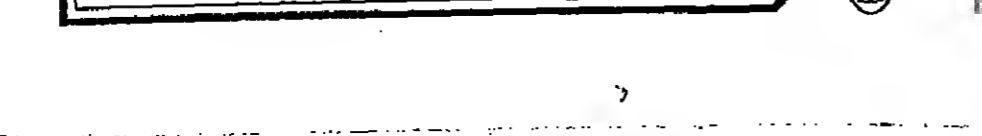


Cartier

PANTHERE-JUHEN
GOLD UND STAHL
QUARZ - WASSERDICHT

Zürich, Pernikplatz
Zürich, Turler Boutique
St. Gallen
Zürich, Hotel Nova Park
Rudernstrasse 420
Zürich Airport
Terminal A, H and Sarellis
Bern, Marktgasse 1
New York
Tokyo
Service-Organisation
in fünf Kontinenten

TÜRLER
SCHMUCK & UHREN



PHOTOGRAPH BY [unreadable]

INTERNATIONAL Herald Tribune

Toward Strategic Defense

President Reagan will leave behind a broad consensus supporting strategic defense. True, he himself is barely part of it. He has sought a more robust commitment, and he signed on only reluctantly to the final bargain that Congress and his administration struck.

Hope Revives for Haiti

Thanks largely in their own persistence, Haitians have their best chance at real democracy in more than three decades. Cynical outsiders claimed that Haiti was too poor and too long misgoverned for there to be any realistic chance of that.

America Back in Space

Gene Thomas, director of the 1986 Challenger launch, knew all too well the stakes involved in America's return to space — and accurately predicted a safe and smooth journey for Discovery before it left last Thursday as "the flight you want to put your mother on."

Other Comment

A Soviet Man of His Time Mikhail Gorbachev dominated (the session of the Soviet Communist Party Central Committee last Friday) because of the intelligence and self-control he brings to the authority of his office.

Now a Little Brother, Too, Is Watching

By Flora Lewis

STOCKHOLM — The tables are being turned on who is watching whom. When computers and satellites came into use, big governments got powerful new tools for keeping track of their citizens and each other.

Gorbachev: A Putsch Usually Means Trouble

By Marshall I. Goldman

WELLESLEY, Massachusetts — The only sure conclusion we can draw from the Kremlin upheaval is that it is dangerous for members of the Politburo to go on vacation.

Soviet Problems Weren't Overthrown

By Peter Reddaway

WASHINGTON — Credit Mikhail Gorbachev with being a good counterpuncher. As the evidence mounted in recent weeks that his reform program was in political trouble, he decided to counterpunch.

From Boss to President, as It Were

By Jim Hoagland

PARIS — "President" Gorbachev? It does not come tripping lightly off the tongue yet. But soon it will — as pundits, anchor-men, White House and State Department flacks and other movers and shakers in the political-lexicon game drop "Soviet Communist Party boss" and adopt the steeled appellation that Mikhail Sergeyevich appropriated for himself last weekend in Moscow.

encouraged by what has happened in Moscow. But she is wrong to pin it on the probable impact inside the Soviet Union of a new and infelicitous title change for Mr. Gorbachev.

Dukakis: The Miracle Is Over

By Lawrence Lindsey

CAMBRIDGE, Massachusetts — I have never been a believer in the "Massachusetts miracle." But last month, Governor Michael Dukakis pulled an economic trick that has turned me around. He announced that the state's budget for the last fiscal year ran a surplus of \$67 million.

Finally, the state borrowed money from its own pension fund. Given the magic show with last year's budget, there aren't many in the local audience who believe Mr. Dukakis this year.

His budget even ignored the need to fund pay raises for state workers whose contracts are being negotiated. Since the budget was proposed, nurses have already received an unbudgeted \$29 million raise.

Finally, the governor refused to fund the program of which he claims to be most proud: universal health care. Of \$8.5 million the state was supposed to spend to cover bad debts and free-care cases, Mr. Dukakis vetoed \$7.5 million.

The writer teaches economics at Harvard University. He contributed this comment to The New York Times.

100, 75 AND 50 YEARS AGO

1888: A New York Tube?

PARIS — A corps of French engineers has been sent to America by a European company recently formed to introduce into New York a system of underground railways, similar to that now existing in London.

1913: Forbidden Plumage

NEW YORK — "Your hat, if you please, madam; we must have that egret," was the demand made by the Customs inspectors yesterday (Oct. 4) of all women disembarking in New York with forbidden plumage in their headgear.

1938: Benes Resigns

PRAGUE — President Edvard Benes of Czechoslovakia resigned at 2 o'clock this afternoon (Oct. 5) under circumstances which he described as "political and necessary."



BY FORATTINI in La Repubblica (Rome); C&P Syndicate.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1988-1992 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER, Jr. Chairman

Handwritten signature: JPK 10/5/88

OPINION

America Has Cleaned Up Since the Black Sox Days Vietnam Distorted: Birth of the Credibility Gap

By George F. Will

WASHINGTON — The second pitch Ed Cicotte of the White Sox threw in the first game of the 1919 World Series hit Cincinnati's leadoff man, New York gambler Joe Jackson. The Series was fixed. Today, in a political season that mocks the idea of progress, a season loud with lamentations about sleaze in Washington and sharp practices on Wall Street, it is well to revisit an era when America was really raw.

WASHINGTON — General Maxwell D. Taylor, chairman of the Joint Chiefs of Staff, did not succeed in silencing Lieutenant Colonel John Paul Vann when he canceled the colonel's scheduled briefing for the American military leadership at the Pentagon on July 8, 1963.

By Neil Sheehan

The writer was Saigon bureau chief for United Press International from April 1962 to April 1964 and a correspondent there for The New York Times from August 1965 to August 1966.

The American reporters shared the military advisers' sense of commitment to the war. Our ideological prism and cultural biases were in no way different. We regarded the conflict as our war, too. We believed in what our government said it was trying to accomplish in Vietnam, and we wanted our country to win this war just as passionately as Colonel Vann.

ever by the late summer of 1963, because by now the majority of the established correspondents in Asia who regularly visited Vietnam saw the war in essentially the same terms as we did. They included Peter Kalischer and Bernard Kalb of CBS, James Robinson of NBC, Stanley Karnow, formerly with Time and, in 1963, with The Saturday Evening Post, Robert P. Martin of U.S. News & World Report, and Charles Mohr, Time's chief correspondent for Southeast Asia.

David Halberstam of The New York Times thanked Colonel Vann for the lessons when the colonel wrote him later that July and remarked on how daringly critical of President Ngo Dinh Diem's regime the American correspondents in Saigon had become in their coverage of the Buddhist crisis. (The political crisis had begun that spring when the regime had forbidden the flying of the Buddhist flag on Buddha's birthday and then crushed a Buddhist protest, killing nine people.)

The story was meant to be a land mine of fact. But the force of the explosion did not blow away the fantasy.

ing general in Saigon, had retreated to the argument that although the Buddhist movement had marshaled discontent in the cities and towns, it had not interfered with the successful prosecution of the war against the guerrillas in the countryside. Mr. Halberstam's Aug. 15 story was truth revealed with a hidden motive. It was meant to be a land mine of fact to blow up this newest Harkins stage set and compel the Kennedy administration to face the reality that it was losing. The dispatch did detonate in Washington with the blast of a mine — but the force of the explosion did not blow away the fantasy as Mr. Halberstam had hoped it would.

LETTERS TO THE EDITOR

Alleged to Have Gas

Regarding "Poison Gas: Everybody Mind His Own Business" (Opinion, Sept. 29).

Bernard Nossiter writes that Afghanistan, China, Pakistan, India, Syria, Israel and South Africa possess chemical weapons. He refers to findings attributed to the Stockholm International Peace Research Institute.

While those countries are indeed listed as alleged possessors of chemical weapons in the 1987 SIPRI Yearbook, it is imperative to note that the allegations have not been made by SIPRI but rather by other sources mentioned in the chapter on chemical weapons. Furthermore, when public denials have been made, these denials are cited in the chapter.

SIPRI has consistently used the method of reporting both allegations and denials, with reference provided as to the sources which have made the statements, in order to accurately reflect the developments in the field of chemical weapons. However, reporting such statements does not mean that SIPRI has passed judgment on the actual state of affairs.

The type of mis-attribution in Mr. Nossiter's article discredits SIPRI's efforts to inform the public as accurately as possible in the area of chemical weapons.

JOHAN LUNDIN, Stockholm International Peace Research Institute, Solna, Sweden.

Silence in Lebanon

In response to the editorial "Fateful Days in Lebanon" (Sept. 22).

As a Lebanese, I feel insulted by what I am reading about the choices of a president for my country. It seems that the United States, Syria and sometimes Israel (through the Americans) must have a say.

It is time for the silent majority to rise and elect the most suitable candidate to reunite the population and to purge the system of those who have rendered it weak and vulnerable. Thank God for the rejection of the foreign-nominated candidate, and may the people see the light in a person with no affiliation other than true nationalism. The only candidate who meets this criterion is Raymond Eddé.

EDDY ARIDA, London.

'A Bright Shining Lie'

I was surprised by your anti-American review of "A Bright Shining Lie" (Books, Sept. 22). Ten or 15 years ago it may have been routine, even obligatory, to imply in an article touching on Vietnam that the North was right, and anyway nationalist, and the South was wrong, while the United States was arrogant. But do sensible people still think that way in 1988, with the boat people continuing to risk their lives by the thousands to escape and even Jane Fonda apologizing?

BRUCE STRASSBURGER, Bangkok.

A Use for Gasoline Tax

The editorial "Raise the Gasoline Tax" (Sept. 30) is on target about the urgent need to increase this tax in the United States. Where it stumbles is when it gropes for a way to reinject some of the resulting revenue into the economy.

That is easy: Use it to repair or prevent some of the catastrophic damage being done to the environment by gasoline and other fossil fuels. The impetus to this world-saving industry will get money to its workers, who are consumers.

HERMAN ARCHER, Giza, Egypt.

Having It Both Ways

I laughed, not unsympathetically, at the situation of the woman naval officer who refused, on grounds of human dignity and feminine modesty, to be watched by another female — as navy regulations require — while providing a urine sample for a drug test. ("Drug Testing vs. Modesty: Dilemma for U.S. Navy," Sept. 3.)

This exemplifies the hypocrisy and inequity inherent in the women's movement. Such women want the so-called male advantages without the disadvantages. They refuse to relinquish feminine privileges. But if men must be observed, then so must women. Further, if men must face death in battle, so should women. Otherwise, let's stop this nonsense and recognize that equal

human value of the sexes does not imply biological, physical or emotional equality. Discrimination based on valid reasons is not unjust. STEPHEN YOUNGER, Paris.

Diving in the Red Sea

Regarding "Red Sea Diving" (Travel, Sept. 9) by Walter Wells.

The writer could have gone through an Egyptian dive center. There are many good ones.

I have lived in Egypt for almost 10 years and find the Egyptian people quite friendly. I have never had a problem at any Egyptian border crossing. Border guards of any nationality can be arbitrary, but I have never seen an Egyptian border guard even imply that he would accept a "fine."

There are no known attacks by sharks on divers in the Red Sea. The sharks may be curious but they are not hungry, and a diver is usually as big as the shark. My experience has been that when someone yells "Shark," divers grab a mask and jump in, hoping to see it.

The article overlooks the boom in facilities for divers that the Egyptians are developing; the young Egyptians who are setting up dive centers in southern Sinai; the new hotel facilities available all along the coast, and the nature preserve at Ras Muhammad. THOMAS B. HARTWELL, Cairo.

Macroeconomics: Apply It With Rubber Bands

Regarding "Why the Fed Doesn't Need to 'Cool It'" (Opinion, Sept. 17) by Jude Wanniski.

This comment reminded me of why I decided some years ago not to go on for a doctorate in economics. It would appear to be just as true now as it was then that macroeconomic theory does not closely relate to, and therefore cannot accurately predict, economic behavior in the real world.

Macroeconomic theories (concerning inflation, growth, unemployment and so on) consist of sets of simplistic relationships which, while generally holding true over time, regularly fail to hold true at any particular moment in time. Microeconomic theories (about supply, demand, costs, prices) provide intrinsically true, but still simplistic, relationships.

Incredibly, no macroeconomic school of thought is a direct extension of microeconomic concepts. Economists such as Mr. Wanniski

instead leap to recommending policy decisions concerning interest rates based on the price of gold. The fact that inflation is the result of thousands of companies making pricing decisions based on cost and competition, and that gold prices result from evaluations by many individual investors of alternative financial instruments, appear not to interest Mr. Wanniski. It is enough for him that some general theoretical or empirical link may exist between these vastly different systems to justify specific short-term decisions by the Fed.

All this brings to mind a colleague's response years ago to a question about the impact of a certain policy change on the economy: "It all depends upon the elasticities." You can't argue with that. TODD D. MARTIN, Grädfeld, West Germany.

SOURN MELIKIAN IN THE IHT EVERY SATURDAY WITH AUTHORITY WRITING ON THE WORLD OF ART AND ART AUCTIONS

Advertisement for Cutty Sark Blended Scotch Whisky. Features a large image of a bottle and the text: 'In a class of its own', 'Cutty Sark Blended Scotch Whisky', '100% Scotch Whisky from Scotland's best Distillers', 'BERRY BROS & BOND LTD'.

ASIAN TOPICS

Opposition in Nepal Showing Signs of Life

Nepal's opposition Nepali Congress Party is showing signs of life after successfully losing an armed rebellion in the 1960s...

Today, "we are hounded but active," Krishna Prasa Hattari, the Nepali Congress Party's president, told Sanjoy Hazarika of The New York Times...

Although parties are still banned, private meetings and discreet handbills are permitted...

A senior government official said the opposition was allowed to function "as long as it does not pose a threat to the system."

Around Asia

Beggars are an increasingly common sight in China, but only one in five is truly needy...

Cho Changjen, who left a wife and two children behind when he defected from mainland China to Taiwan in 1984...

Wildlife Notes

Seven small carnivorous piranhas from South America were caught in a Singapore storm water canal...

Acronymymania Rages Among Indonesians

KOPKAMTIB was abolished recently by a KEPPRES, which created BAKORSTANAS to take its place...

Acronyms, usually with the first syllable instead of the first letter of a word, are a national craze...

To the uninitiated, the front pages of Indonesian newspapers look like alphabet soup.

Arthur Higbee

Japan Is Again Accused of Trying to Sanitize Its War Role

By Susan Chira New York Times Service

TOKYO — A textbook publisher has deleted a lesson describing Japanese brutality in World War II after protests from ruling party politicians.

The move drew criticism from educators and opposition politicians who charged that Japan was again trying to sanitize its past.

Unlike the Germans, who teach their students about German atrocities in the war, the Japanese seldom discuss the war publicly...

Attempts to substitute "advance into

China" for "invasion of China" in textbooks, for example, have prompted angry and alarmed denunciations from China.

Sansiedo Publishing Co., a major publisher, touched off a storm of criticism from a group of ruling party politicians and the education division of the party's policy-making panel...

The textbook passage read, in part: "Which nation is the most cruel?" "The Germans."

He describes American troops in Vietnam, who "scatter poison by helicopter" — presumably Agent Orange, a defoliant suspected to have caused birth defects among Vietnamese and the children of U.S. servicemen.

—presumably Agent Orange, a defoliant suspected to have caused birth defects among Vietnamese and the children of U.S. servicemen.

The lesson ends with the statement: "These stories are sad, but sometimes we

"The lesson includes parts that say Japan is the world's most cruel country. We concluded we cannot let this textbook be used."

Shtuzka Kamei, A right-wing legislator

have to face uncomfortable things to make our life better. Although the textbook passed an Education Ministry screening last June and 24,000 copies have already been ordered

for senior high schools nationwide, several ruling party politicians protested.

Shizuka Kamei, a prominent right-wing legislator from the ruling party and an outspoken advocate of the revisionist camp, said a group of 41 like-minded legislators met late in September to campaign against the textbook.

"It is out of the question to include material to promote a certain ideology," Mr. Kamei said. "The lesson includes parts that say Japan is the world's most cruel country and a story which cannot be proved. We concluded we cannot let this textbook be used at schools."

Mr. Kamei's group supported Seiuke Okuno, the Cabinet minister forced to resign this spring after he said that Japan did not have any "aggressive intentions" in China in the 1930s.

Although Mr. Kamei represents the right wing of the ruling party, several accounts of the cabinet meeting where ministers discussed Mr. Okuno's resignation suggested that several ruling party leaders supported Mr. Okuno and his view of history.

and the Education Ministry had pressured Sansiedo into dropping the offending passage.

A statement issued Monday by the Japan Teachers' Union said, "The action by the ruling party and measures taken by the Education Ministry and the publishing company is leading in a very dangerous direction."

Genaro Nakajima, the minister of education, denied exerting any pressure on Sansiedo. "Various voices were raised on this issue," he said. "But the change is a totally voluntary decision on the publisher's part, and the ministry accepted their offer to change the textbook."

Mr. Ishinabe said Sansiedo acted after reading press accounts that distorted the textbook passage to make it seem as if Japanese were imminently cruel people.

"We decided to change it because this misunderstanding could be a hindrance to the healthy cultivation of students' sentiments," he said. "There has been no direct contact or pressure. We shall continue holding to the principle of freedom of speech in our publication business."

Khomeini Urges Iranians to Rebuild Without the Help of U.S. or Soviets

By Elaine Sciolino New York Times Service

WASHINGTON — In a statement on Iran's postwar policies, Ayatollah Ruhollah Khomeini has called on the Iranian people to rebuild the country without relying on either the Soviet Union or the United States.

The statement, reported by the Iranian press on Monday and made available in Washington on Tuesday, appeared to run counter to speculation in the West that Iran was eager to reopen talks with the United States.

"God willing, the warrior Iranian people will maintain their revolutionary and sacred rancor and anger in their hearts and use their oppressor-burning flames against the criminal Soviet Union and the world-devouring United States and their surrogates," Ayatollah Khomeini said in a written message.

The Iranian leader, 86, who is said to be in very poor health, added, "As long as I live, I will not allow the real direction of our policies to change," repeating the importance of the long-held policy of "neither East nor West."

Ayatollah Khomeini's statement was issued as the White House and the State Department repeated strong denials that the United States was talking with Tehran about the release of the nine Americans held hostage by Iranian-

backed groups in Lebanon as a prelude to an improvement in ties. The denials occurred a day after the release in Lebanon of an Indian citizen with U.S. resident status who had been held hostage by pro-Iranian kidnappers for more than 20 months.

The former hostage, Mithleshwar Singh, said in Damascus that he had not been treated as harshly as he had expected and that the three Americans held with him were all right.

The ayatollah's statement was issued in response to a letter from Iran's senior officials asking about guidelines for reconstruction.

Those seeking guidance were Hashemi Rafsanjani, speaker of the Iranian parliament and commander in chief of the armed forces; Ayatollah Abdul Karim Musavi-Ardabili, the chief justice; and Mir Hussein Mousavi, the prime minister.

The statement by Ayatollah Khomeini was his fullest explanation of how he believes Iran should try to rebuild its economic, social and military systems since Iran embraced a cease-fire in the Gulf War on Aug. 20.

Despite the "acceptance of peace," he said, the development and expansion of the country's defensive and military power "is one of the fundamental and primary objective of reconstruction."

Some experts say they believe his remarks were little more than a restatement of his repeated desire to keep Iran independent of dominance by either of the superpowers and would, therefore, have little effect on efforts of his subordinates to rebuild the country with the help of outsiders.

But they said the statement could also be a warning to go slow to those elements of the regime who have concluded that face-to-face negotiations with the United States are inevitable.

If statements from Tehran and Washington are any guide, the normalization of relations between Britain and Iran last week and the release of Mr. Singh do not appear to have brought the United States and Iran closer to improving diplomatic relations.

In a brief exchange with reporters, President Ronald Reagan denied that the United States had negotiated or would negotiate the release of the hostages, and he declined to speculate on why the captors freed Mr. Singh.

■ Bush Linked to Release

A former president of Iran said that an aide to Vice President George Bush negotiated Mr. Singh's release, and that Iran received arms, possibly in a deal to free the captive, The Associated press reported from Paris.

But the former president, Abolhassan Bani-Sadr, said Tuesday that he did not know if the shipment of weapons was related to the release.

"There has been a delivery of arms to Iran," he said. "Does that have something to do with the release? I don't know." He gave no details.

A spokesman for Mr. Bush, the Republican presidential nominee, termed Mr. Bani-Sadr's remarks "absolutely false."

Mr. Bani-Sadr said in Paris, where he lives in exile, that according to his information, a man named Richard Lawless negotiated the release of Mr. Singh. But he said Mr. Lawless "has denied it."

"I am trying to verify it," he added.

The White House spokesman, Marlin Fitzwater, said in Washington: "There is a fellow named Lawless. He is over there. What he's up to, nobody knows. But he doesn't represent the United States. He does not represent the vice president or the president or anybody else."

Mr. Fitzwater said that the "charges are not true—from top to bottom."

"Bani-Sadr's full of beans," he said.



The United Nations secretary-general, Javier Pérez de Cuellar, left, and Foreign Minister Tariq Aziz of Iraq entering a meeting in New York to discuss resuming negotiations on a permanent peace with Iran. Mr. Aziz said after a meeting on Wednesday that the talks were a "constructive exchange."

Israel Vote Unit Bans Kahane Party From Role in Parliament Elections

By Joel Brinkley New York Times Service

JERUSALEM — Israel's Central Election Commission banned Rabbi Meir Kahane's extremist Kach Party on Wednesday from participating in Israel's parliamentary elections next month.

The commission ruled 28 to 5 that Mr. Kahane, an American emigrant who advocates forcible expulsion of all 2.2 million Arabs from Israel and its occupied territories, headed a party that was "racist" and "undemocratic" under a law. The law was written three years ago specifically to disqualify Kach from participation in elections.

Mr. Kahane had said he would appeal any ban to the Supreme Court. But if the court upholds the election commission's ban, the disqualification would be a major boon to the conservative Likud Party. It might give Prime Minister Yitzhak Shamir's party the edge it needs to form a coalition to control Israel's government for the next four years.

Without Kahane, they won't be able to get a majority unless present trends change, Mr. Smith said last week.

Rabbi Kahane's views are so extreme that Mr. Shamir has said he

would not join forces with him, even if accepting Kach as a partner would give him the needed 61 seats. But if the ban against Kach is upheld, those votes would almost certainly go to other rightist parties that would be acceptable coalition partners for Likud.

Recognizing that, Itzik Ben-Ya'acov, a Kach spokesman, said Wednesday's election commission vote "was a political decision made by politicians."

But commission members, all of them sitting or aspiring members of the parliament from other parties, said they voted to ban Kach because it espoused "Nazi-like ideology," and "racism."

The election commission banned Kach from running in the last election, too. But the Supreme Court overturned that ban, saying there was no law to support it.

So in its present session, the parliament passed the law banning parties that are "racist" or "undemocratic," specifically so the commission would have a legal foundation for banning Kach this time.

CAMEL advertisement featuring a large image of a man in a suit and a pack of Camel cigarettes. The text 'CAMEL' is prominently displayed in a stylized font. Below the image, it says 'Discover the world's most satisfying cigarette.'

INTERNATIONAL CLASSIFIED advertisement containing various listings for escorts and guides in cities like London, New York, and Paris. It includes contact information and descriptions of services offered.

SCIENCE

Genetic Disease Hunters Embark on Vast Quest

By Harold M. Schmeck Jr. NEW YORK — Dr. James D. Watson, who is about to assume a key role in the largest biological research project ever contemplated, sees it as the redemption of a longstanding bargain between scientists and other citizens. "I think it is imperative to keep our bargain with the people who have supported biomedical research," he said in a recent interview.



Mary Ritzner/The New York Times. Dr. James D. Watson

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Gamma Puzzle Strains Physics

By Walter Sullivan New York Times Service PARTICLES that seem to violate current theories about the behavior of radiation from space are striking the earth at extremely high energy, scientists from several research installations have concluded.

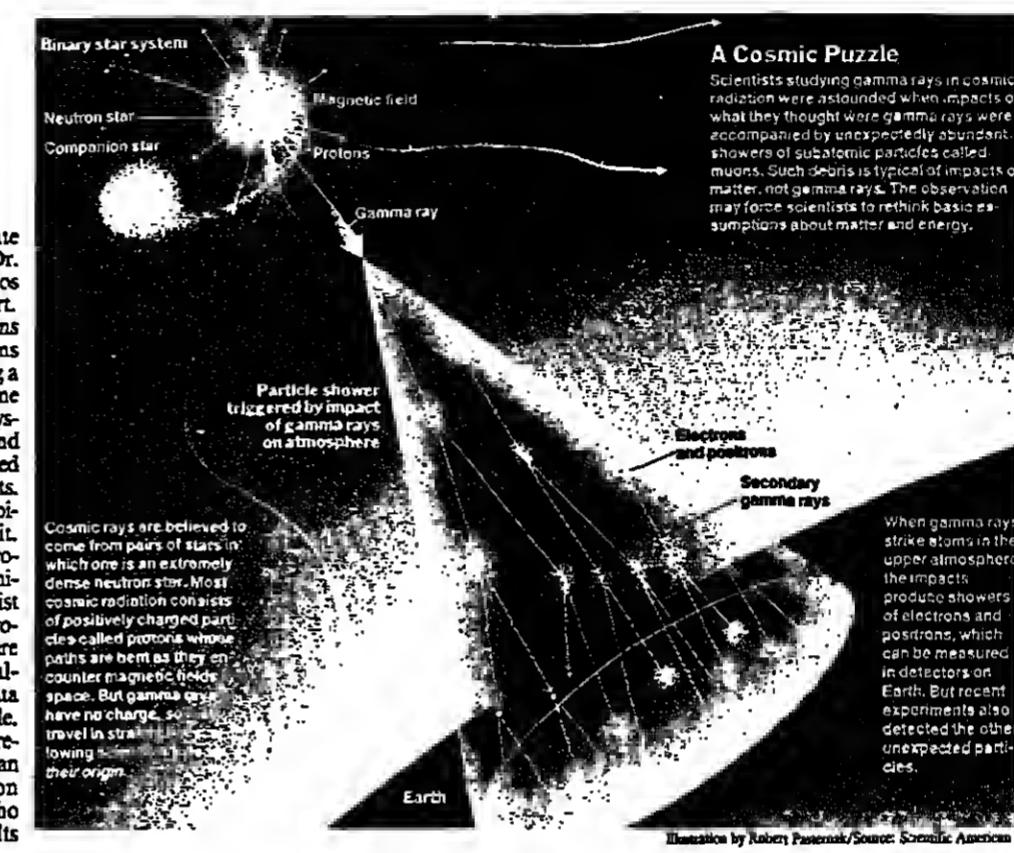


Illustration by Robert Pasanick/Source: Scientific American

vine and Dr. Jeremy Lloyd-Evans, now at the University of Sussex, England. What they recorded were particle showers like those initiated in the upper atmosphere when particles or gamma rays hit an atom.

Fertilization That Avoids Surgery

By Gina Kolata New York Times Service DOCTORS in Australia have developed a technique for implanting fertilized eggs in women's fallopian tubes. They hope the technique will improve the success rate of in vitro fertilization, without surgery.

INTERNATIONAL POSITIONS

THE AMERICAN UNIVERSITY OF PARIS

DEAN OF THE UNIVERSITY The American University of Paris seeks a chief academic officer to provide dynamic leadership for the faculty as we embark on a challenging agenda of new program development and curricular innovation.

NITROGENOUS FERTILIZERS INDUSTRY S.A. (A.E.V.A.L.) is seeking a CONSULTANT

For an Ammonia and Urea Project, using Natural Gas as raw material. The Consultant must be independent and not be tied to any particular ammonia and urea technologies.

In Australia, a Bid to Save Giant Clams

By Michael Richardson International Herald Tribune ORPHEUS ISLAND, Australia — Well seen beneath the water through the lens of snorkeling mask, the giant clam being grown on the reef in an experimental mariculture farm look like rows of colorful cabbages. Some are mottled brown; others peacock blue, green and purple.

JOB OPPORTUNITY

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AMEX Most Active... AMEX Stock Index... AMETEK

Industrial Turnover... AMETEK

JAN. FEB. MAR. APR.

Wednesday's NYSE Closing

Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 High, Low, Close, Chg. Ctr. Chg.

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Floating-Rate Notes

Table with columns: Issuer/Asset, Coupon, Maturity, Bid, Ask, Dollars, Pounds Sterling, Deutsche Marks, Japanese Yen, E.C.U.

Table with columns: Issuer/Asset, Coupon, Maturity, Bid, Ask, Deutsche Marks, Japanese Yen, E.C.U.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Oct 5th, 1988

Large table listing various international funds with columns for fund name, share price, and other details.

NYSE High-Lows

Table listing NYSE high and low prices for various stocks.

AMEX High-Lows

Table listing AMEX high and low prices for various stocks.

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Vertical advertisements on the right margin, including 'BUSINESS', 'Hostile M...', 'IRVING', and 'TO OUR READERS IN HOLLAND'.

BUSINESS ROUNDUP

Consolidated Appeals to Reagan

Hostile Minorco Bid Is Labeled a Threat to U.S. Security

Reuters
 WASHINGTON — Consolidated Gold Fields PLC and an affiliate said Wednesday they have asked President Ronald Reagan to block a proposed hostile takeover by Minerals & Resources Corp. on the grounds that such a buy-out would endanger U.S. national security.

Consolidated Gold Fields, based in London, and its 49 percent-owned Newmont Mining Corp., which owns the largest U.S. gold mine, have asked the president to exercise his authority under the Defense Production Act.

Minorco is controlled by a combination of South African interests, including Anglo-American Corp. of South Africa Ltd. and De Beers Consolidated Mines Ltd., both of which are controlled by Harry F. Oppenheimer.

Consolidated Gold Fields said the proposed acquisition would be the largest purchase to date of U.S. assets by South African interests and would impede U.S. access to strategic and precious metals that are vital to U.S. national security.

Consolidated Gold Fields, which said half its assets are concentrated in the United States, produces strategic minerals including rutile and zircon. The company said it will soon become a significant platinum producer.

Consolidated Gold Fields said the president has 30 days from the date its request was filed to initiate an investigation, 45 days after that to complete the investigation and then 15 days to determine what action should be taken.

The company said it and Newmont asked that Mr. Reagan immediately enjoin the transfer of its U.S. assets pending completion of the investigation.

Consolidated Gold Fields itself has gold operations in South Africa. A company spokesman said 17 percent of its pretax operating profits come from South African operations.

The U.S. president gained the

power to block takeovers that could endanger U.S. security under the recently-passed U.S. trade bill, which amended the Defense Production Act.

Minorco's bid for Consolidated Gold Fields was the biggest in British history. It offered £2 billion (about \$3.3 billion), valuing the gold concern at £2.9 billion.

Kuwait Examines BP Order

By Warren Getler
International Herald Tribune
 LONDON — Speculation arose Wednesday about a possible European Community probe of a British ruling that ordered the Kuwait Investment Office to slash its stake in British Petroleum PLC, while a lawyer for the Kuwaitis raised the prospect of a challenge to the order.

A European Community spokesman denied a report that European officials were examining the legitimacy of the decision Tuesday by the U.K. Department of Trade and Industry, which called for the investment office to pare its stake in BP to 9.9 percent from 21.6 percent.

"There's been no approach to the commission by the KIO or by anybody else on the matter," said the EC official. He said reviews are usually undertaken only if complaints are registered.

The only possible basis for a complaint, he said, would be the claim that the investment office is a company incorporated in Britain that has been discriminated against as a shareholder. A senior partner

in the London law firm representing the Kuwaitis said late Wednesday that "KIO clearly is not incorporated here. It's not a corporation at all, but an agency of the state of Kuwait."

Earlier, Wednesday, Michael Walter, the British lawyer representing the Kuwaitis, said his clients were "still shocked" by the order.

Mr. Walter, an attorney with Stephenson Harwood, said a thorough review of the British government's case would be completed soon. The Kuwaitis will then decide on a course of action, possibly including a legal appeal, he said.

"If a challenge in Europe is possible, it is something we would consider," said Mr. Walter. But he emphasized that such a challenge is not a foregone conclusion.

A leading newspaper in the United Arab Emirates, Al-Khaleej, said Wednesday: "The British move is yet another reason to prompt Arab states to study seriously new alternatives. It is time for migrant Arab funds to come back home, and for a revision of investment policies."

Surprising Stock Advance Follows Manville Decision

New York Times Service
 NEW YORK — Investors are apparently confused about the size of a stock dilution in the reorganization plan that Manville Corp. will follow as it comes out of bankruptcy, analysts said Wednesday.

The last legal hurdle to the restructuring was removed Monday when the Supreme Court refused to hear an appeal of the plan, which is expected to be completed by the end of 1988.

Analysts were baffled by a sharp rise in Manville stock Tuesday, when it added \$1.125 to end at \$2.875 a share. On Wednesday, the stock held steady.

"People remember the classic bankruptcy turnarounds and think this will be one of them," said Stephen J. Dohi, an analyst at Salomon Brothers Inc. "It won't be. There will be massive dilution."

The stock, which is subject to a 1-for-8 reverse split when Manville completes its reorganization, traded as high as \$3.125 Tuesday.

Manville reacted with surprise to the stock activity. "We wonder if people are losing sight of the fact the securities are highly speculative," said William Bullock, a Manville spokesman.

Philip Schaeffer, co-director of a bankruptcy fund at Cowen & Co., and an investor in Manville securities, said he thought part of the rise might have resulted from pressure on those who had sold the stock short, expecting the price to drop. Such investors would be forced to buy shares to cover their positions if the price began to rise.

But Mr. Dohi said, "It appears the demand is coming from small retail accounts," he said. He said the stock is worth about \$1 a share.

2 Tokyo Brokers Accused of Fraud

By Patrick L. Smith
International Herald Tribune
 TOKYO — The police arrested two stock brokers on Wednesday, including a former executive at Nomura Securities Co., and charged them with defrauding investors by claiming to have access to the accounts of leading Japanese politicians.

The two brokers were accused of offering clients the opportunity to invest in issues they said were "political stocks," those manipulated by local stock brokers and financial institutions on behalf of political figures in return for favorable treatment.

Such stocks have long been a principal source of campaign funds for many members of the governing Liberal Democratic Party. They are also recognized among investors as among the most attractive investments in the Tokyo market, since they generally advance with unusual speed and carry virtually no risk.

The incident demonstrates the broad acceptance of political stocks among Japanese investors, analysts said Wednesday, and the extent to which leading securities houses are widely believed to be involved in trading them. It also coincides with increasing international criticism over the insider trading practices of many Japanese brokers and corporations.

Until recently, Japan had no laws prohibiting insider trading. Many financial analysts remain skeptical that new legislation, which came into effect Oct. 1, will be effective against it.

In the arrests on Wednesday, Hiroyoshi Kashiwagi, 38, a former department head of Nomura Securities Co., and Masahiko Dobashi, 45, who formed his own investment firm after leaving Daiwa Securities Co. more than a decade ago, were charged with fraud by the Tokyo District Prosecutors Office.

They are alleged to have defrauded a local real estate firm of 300 million yen (\$2.25 million) in February, by promising the com-

Record Losses In '88 Seen for Norway Banks

Reuters
 OSLO — Norway's troubled commercial and savings banks will lose a record 6 billion kroner (\$871.1 million) on loans and guarantees this year, 40 percent more than 1987's record losses, the Bank and Securities Inspectorate said Wednesday.

Norway's three biggest banks, Den norske Creditbank, Bergen Bank A/S and Christiania Bank og Kreditkassen, are expected to account for 70 percent of the 1988 loan losses for commercial banks, the agency said.

It said losses of commercial banks, which are suffering from corporate bankruptcies, would amount to 4.2 billion kroner, 25 percent more than in 1987,

Goodyear Tire Earnings Set to Fall in 3d Quarter For U.S. Automakers, a Model End to Year

United Press International
 AKRON, Ohio — The Goodyear Tire & Rubber Co. said Wednesday that it was expecting a financially poor third quarter, primarily due to increases in raw material and employee-benefits costs.

Goodyear said earnings could be as low as \$1.10 a share, compared with \$2.98 a share a year ago. "We expect a recovery in the fourth quarter, but it is unlikely it will be strong enough to offset the disappointing past three months," said Robert Mercer, Goodyear chairman.

It was a far better year than analysts had forecast for its inauspicious beginning in October 1987, when the stock market collapsed. From that point economists studied each report of 10-day car sales for signs of cutbacks in consumer spending. They never came.

Instead, for the first time in years, U.S. manufacturers found themselves raising production plans throughout the year in meet demand. They ended September with an average 59-day supply of cars, which is considered ideal. And that was without an end-of-summer clearance sale, as in earlier years.

In September, sales of light vehicles were down about 6.7 percent from the comparable period in 1987, totaling about 1.2 million. This was still a good result, analysts said.

Ann C. Knight, an auto industry analyst for PaineWebber Inc. in New York said the drop in September reflected, in part, the distortion caused by clearance sales last year.

Sales of U.S.-made cars were down 6 percent in September at 576,535, but that amounted to a rate of 7.6 million per year, the same strong level that has prevailed over the last eight months. By comparison, 7.1 million cars were sold in 1987.

France said on Wednesday it was still treating Bluebird cars, made in Britain by Nissan Motor Co., as Japanese and subject to strict import regulations, Reuters reported from Paris. A first shipment of 1,000 of the cars has arrived in the port of Le Havre.

France's attempt to impose quotas on the cars because their EC content is less than 80 percent has prompted a protest by Britain to the European Commission.

Under the terms of an agreement with Japan, France limits Japanese imports to 3 percent of the domestic market. The Bluebirds were let in Monday because the limit has not been reached this year, an Industry Ministry spokesman said.

IRVING: Managers Accept Bid

(Continued from first finance page)
 Bank of New York, which owns a 4.9 percent stake in Irving, already has received conditional approval to merge by the Federal Reserve Board.

During the past year, Milan-based Banca Commerciale Italiana SpA, offered to merge with Irving. But it recently withdrew the bid in August after the Fed ruled the Italian government agency that owned most of Banca Commerciale had to supply financial information in the Irving offer.

In a recent twist in the takeover saga, Banca Commerciale denied last week that it held secret talks with Bank of New York to divide up Irving. Allegations about a secret agreement to divide Irving were made in a press report that quoted a senior executive at Bank of New York. (AP, Reuters, UPI)

Macmillan agreed last week to an offer from Kohlberg, Kravis of \$90.05 in cash for 91 percent of Macmillan's outstanding shares, with the balance to be acquired for notes and warrants and securities. Kohlberg, Kravis is an investment firm that specializes in leveraged buy-outs.

When it agreed to that offer, Macmillan promised that Kohlberg, Kravis could buy four of Macmillan's businesses for \$865 million should their merger not be concluded. Those businesses include the Berlitz language centers, the directory division, the direct-marketing division and a division that publishes state legal codes.

Two days later, Mr. Maxwell

MACMILLAN: 'No' to Maxwell

(Continued from first finance page)
 boosted a previous offer to \$90.25 a share in cash, but said that the new bid was subject to, among other things, the elimination of the "lock-up option" granted to Kohlberg.

Other conditions of the Maxwell bid included elimination of Macmillan's "poison pill" takeover defense, which would make it more costly for a bidder to acquire the company without support of management, and a limit of \$70 million on the amount of fees to be paid to Kohlberg, Kravis.

As an alternative, Mr. Maxwell said he would pay \$900 million for the four businesses that Macmillan agreed to sell to Kohlberg, Kravis, and to drop his tender offer.

In its terse, one-sentence announcement Wednesday, Macmillan made no reference to Mr. Maxwell's alternative proposal. (AP, Reuters, UPI)

SAS: Carrier Pushing Ahead With Expansion Plans After Texas Air Deal

(Continued from first finance page)
 pressed U.S. airline company and a service-oriented European carrier makes sense for both, analysts said.

SAS will get the access to U.S. routes that it is seeking while Texas Air will get cash that it needs, noted Anthony Hatch, an analyst for Argus Research Corp.

The agreement is not unprecedented, but it combines elements of existing arrangements in a new way. United Airlines, the biggest U.S. carrier, signed an agreement with British Airways late last year to set up a world-wide marketing partnership.

The deal was not welcomed by trade unions in Denmark, which represent about 8,000 of the 34,000 SAS employees. A union statement criticized Texas Air's labor relations.

Swedish and Norwegian unions were silent about the deal.

As European deregulation approaches, similar accords between major airlines in the United States and Europe are likely to crop up, said Andrew Geller, an airline analyst for Provident National Bank in Philadelphia.

Rob Rogers, an analyst with Enskilda Securities, said the agreement would strengthen the hand of SAS in seeking a new European partner, such as Sabena or the Dutch airline KLM, which it needs to secure additional destinations in Europe.

Separately, a report published Wednesday said Texas Air is holding discussions to sell its East Coast air shuttle to the developer Donald Trump. According to unidentified sources quoted by The Wall Street Journal, the price tag on the three-city shuttle is in the \$200 million range. A Texas Air spokesman declined comment on the report. (AP, Reuters)

Banco de Bilbao and Banco de Vizcaya ANNOUNCEMENT OF MERGER BETWEEN BANCO DE BILBAO, S.A. AND BANCO DE VIZCAYA, S.A.

The Directors of Banca de Bilbao and Banca de Vizcaya are pleased to announce that with effect on 1st October 1988 their two Banks have merged to form a new Bank to be named BANCO BILBAO VIZCAYA, S.A. (BBV).

The merger, which has already received the necessary shareholders' and regulatory approvals in Spain, has been accomplished under the Laws of Spain. BANCO BILBAO VIZCAYA assumes by universal succession all the assets, liabilities and undertakings of both Banca de Bilbao and Banca de Vizcaya and these two present banks have been automatically dissolved.

The rights of customers and employees will not be adversely affected in any way, and the merger will enable BBV to enhance its range and quality of

customer services and to provide wider career opportunities to staff.

BBV is powerfully represented in all sectors of the market and is Spain's leading bank in retail, corporate, investment and international banking operations. As befits its international role, BBV has an extensive overseas network of branches, subsidiary banks and representative offices worldwide and with particular focus on countries of the European Community.

The merger between Banca de Bilbao and Banco de Vizcaya on equal terms is in the opinion of the Directors an unique opportunity to create in the form of BANCO BILBAO VIZCAYA a truly universal and competitive bank for the benefit of shareholders, customers and staff alike.



BANCO BILBAO VIZCAYA

When you are opening up new possibilities... The Gold Card

Dollar Ends Steady in Slow Trading

NEW YORK — The dollar ended little changed against most currencies after a quiet session. A sharp drop in world oil prices led many to expect that an improved inflation outlook would alleviate pressure on the Federal Reserve to tighten monetary policy, dealers said.

London Dollar Rates

Table with columns: Currency, Bid, Ask, and Source. Includes Deutsche mark, Swiss franc, and French franc.

The British pound again slipped very slightly against a rising dollar, closing at \$1.6960, down from \$1.6963 on Tuesday. But the pound was steady at 75.9 on its trade-weighted index.

U.S. House Backs Rule On Foreign-Held Assets

WASHINGTON — The House of Representatives, warning that U.S. policy makers should not be ignorant about who controls the American economy, voted on Wednesday to require greater disclosure of foreign ownership of U.S. businesses and property.

EC Anti-Dumping Duties Upheld

LUXEMBOURG — The European Court of Justice, in a case involving the European Community's anti-dumping policy, upheld on Wednesday a 1985 decision by the EC to levy duties against five Japanese typewriter companies.

plains, submitted by Brother, that the normal value should not be established on the basis of the price that it charged to its distributor, Brother Sales Ltd., which is an affiliated company.

Effect of Exchange Rates on Trade Imbalances May Lessen

PARIS — The impact that exchange rates have had in recent years on correcting external imbalances may disappear soon, and the dollar's recent rise may actually slow the correction of the U.S. external deficit, the chief of the OECD said Wednesday.

was running at around 4 percent, and it appears "likely to remain at much the same level in the second half of 1988 and could start to fall thereafter."

But, he said, "it is possible that the effects of the changes in exchange rates over the past three years will disappear quite rapidly."

Production of raw steel in the European Community will rise this year to about 133.5 million tons — a six percent increase over 1987, the European Commission said Wednesday.

THRIFTS: Cost Estimate Boosted

(Continued from first finance page) pared for the Senate Budget Committee. Senator Lawton Chiles, Democrat of Florida and chairman of the Senate Budget Committee, called Mr. Wall to testify on whether the Federal Savings & Loan Insurance Corp., which insures deposits in savings and loans, would need a taxpayer bailout.

In fiscal 1988, which ended Sept. 30, the insurance corporation promised \$20.4 billion in assistance to purchasers of sick thrifts, including \$12.8 billion in promissory notes.

Large financial table titled 'Wednesday's OTC Prices' containing multiple columns of stock prices, market data, and company names. Includes sub-sections like '12 Month High Low Stock' and '1 Month High Low Stock'.

Advertisement for 'Wednesday's AMEX Closing' with a logo and text: 'Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.'

BOOKS

THE SHAH'S LAST RIDE: The Fate of an Ally by William Shawcross. 463 pages. \$19.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by Thomas Powers
THIS is not a pretty story. The last days of Mohammed Reza Pahlavi, who fled Tehran in January 1979 but never abdicated, were spent in itinerant exile, turned away by one international "friend" after another, gouged by his hosts of convenience, and slowly dying of cancer as his doctors wrangled over his treatment. Only Anwar Sadat of Egypt welcomed him in his first week of exile, and then gave him a place to die at the end.

Bruno Kreisky of Austria had his, the French, the Swiss and the Germans had theirs. The shah did not get the picture until he had worn out his welcome in Morocco, which took about a month. South Africa looked like the next stop — the only other offer was Paraguay — until David Rockefeller and Henry Kissinger squeezed an invitation from the Bahamas.

But that didn't last long either. Within two months the shah moved on to Mexico, where a long-simmering, erratically treated medical condition took over direction of what life remained to him. The history of the disease that killed the shah forms a fascinating coda in Shawcross' book. The shah did not want for money to pay for the best medical treatment, but neither life nor death is simple for kings. Eight separate groups of doctors cared for the shah at one time or another. All were eminent, and there's the rub: They represented each other, differed in diagnosis and treatment, and poisoned the circle of family and courtiers surrounding the shah with conflicting advice. The shah himself was given a vague and muffled version of his condition until the end.

When the danger of his condition, and the need for vigorous medical attention, finally became clear, President Carter relented and granted the shah permission to enter the United States on Oct. 23, 1979, with notorious results. Twelve days after his arrival the U.S. Embassy in Tehran was occupied and its occupants taken prisoner, a heaven-sent crisis, as Khomeini must have thought, which gave him a year to consolidate his revolution. The occupation ended the shah's American sojourn, he was hustled from New York to Lackland Air Force Base in Texas and thence to Panama, Mexico having declined to repeat the honor. In March 1980, the shah returned to Egypt where his spleen was finally removed — too late. He died in July, conscious of his dignity until the end. He never understood how it all happened.

Shawcross has written a compelling, even-handed, artful book, more like a novel than a history.

Thomas Powers, author of "The Man Who Kept the Secrets: Richard Helms and the CIA," is at work on a history of nuclear weapons. He wrote this for The Washington Post.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Oct. 5

Table with multiple columns for various stock markets including Amsterdam, Frankfurt, London, Madrid, Milan, Paris, Rome, Tokyo, and Zurich. It lists various stock indices and their closing values.

Table with multiple columns for various stock markets including Toronto, Montreal, Sydney, and others. It lists various stock indices and their closing values.

BRIDGE

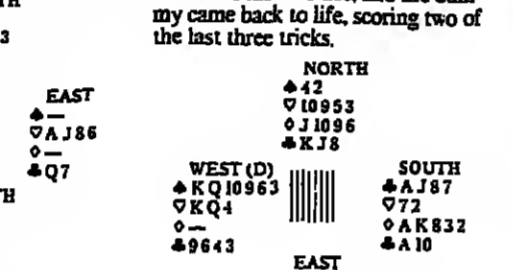
By Alan Truscott

RUNNING winners can create problems for the defense even when there is no prospect of a squeeze or an end play. An illustration is the diagrammed deal from a social game in Sydney, Australia. Sitting South was Tim Seres, who after three decades as the brightest star Down Under seems to have opted for retirement from tournament play.

BRIDGE

By Alan Truscott

spades. Instead, Seres decided to take eight tricks and hope the defense would permit him to score a ninth. He led the club ten to the king, finessed in diamonds and took all his winners in that suit. The ending was:



South led a heart, and West would have beaten the contract by taking his king-queen of hearts and continuing that suit, with or without cashing his spade queen. But he played low, and East had the last chance for the defense when he won with the jack.

ACROSS crossword puzzle grid with clues: 1 Frosted, 5 Actress from Greece, 10 Thicket from Canada, 14 Ball role, 15 In accord, 16 Tarzan transporter, 17 Temperamental One, 19 Room addition, 20 Take both sides, 21 Arranged by type, 23 Invalid, 24 Computer device, 25 Walk like ducks, 26 Opposite of estivated, 31 Red as, 32 S.R.O. indications, 33 Lingerie item, 34 Loving, 35 Enclosed, 36 Peewee, 37 Tak, 38 Solemn trawlers, 39 Goblin, 40 Purist, 41 Lack, 42 Wakes, 43 Unnecessary feature, 44 Quaker leader, 45 Yacht's home, 47 Confuse, 49 Author Murdoch, 52 Parade, 54 Resort for one's niece?, 55 Fish locator, 56 "Do... others...", 57 Summer refreshments, 58 Barbara and Anthony, 59 Leave behind, DOWN: 1 Little rascals, 2 Uncovered wagon, 3 Eastern bigwig, 4 Insisted on, 5 Boat mover, 6 Bikini, e.g., 7 Corncake, 8 Shirley or Sheridan, 9 Spicy, 10 Reluctant, 11 Highway trawlers, 12 Pot starter, 13 Lack, 14 Grown, 15 Unnecessary feature, 16 Clementine's clad, e.g., 17 Floats, 18 Here and there, 19 Toothpaste, 20 Sounder, 21 "Sesame Street" character, 22 Goes with, 23 Record-company name, 24 Cave in, 25 Gathers and Anthony, 26 Cheat, 27 Merit pay, 28 Crucial times, 29 Alludes to, 30 Southern nut, 31 Staring relative, 32 Dull, 33 Rfidus, e.g., 34 Actress Merrill, 35 Scads, 36 Father of Cainan, 37 Staff.

WEATHER section with tables for EUROPE, ASIA, NORTH AMERICA, AFRICA, MIDDLE EAST, LATIN AMERICA, and OCEANIA. Each table shows high and low temperatures and weather conditions for various cities.

DENNIS THE MENACE comic strip panels showing Dennis and his dog Groucho. Dennis is talking to Groucho about a sale and a rife.

JUMBLE word game section with a grid of letters and words to be found. Words include TISOF, PHAMC, SLYGUN, CYMTIS.

ANDY CAPP comic strip panels showing Andy Capp and his wife Ma. Andy is talking to Ma about a rife and a cow.

PEANUTS comic strip panels showing Charlie Brown and his friends. Charlie is talking to his friends about being in charge of the world.

WIZARD OF ID comic strip panels showing a wizard and a knight. The wizard is talking to the knight about knights and kings.

REX MORGAN comic strip panels showing Rex Morgan and his wife. Rex is talking to his wife about a wonderful son and a governor.

BEEBLE BAILEY comic strip panels showing Beetle Bailey and his friends. Beetle is talking to his friends about working in the warehouse.

DOONESBURY comic strip panels showing Doonesbury and his friends. Doonesbury is talking to his friends about a friend introduced to Mrs. Trump's personnel director.

Solution to Previous Puzzle crossword puzzle grid with the filled-in words from the previous puzzle.

DOONESBURY comic strip panels showing Doonesbury and his friends. Doonesbury is talking to his friends about a friend introduced to Mrs. Trump's personnel director.

GARFIELD comic strip panels showing Garfield and his owner Jon. Garfield is talking to Jon about cats and the world.

REX MORGAN comic strip panels showing Rex Morgan and his wife. Rex is talking to his wife about a wonderful son and a governor.

DOONESBURY comic strip panels showing Doonesbury and his friends. Doonesbury is talking to his friends about a friend introduced to Mrs. Trump's personnel director.

Vertical text on the right edge of the page, including "Mets" and "SCORE".

ART BUCHWALD

Campaign One-Liners

WASHINGTON — In order to keep up with the election scene, you have to be able to say something intelligent so that people are aware of your knowledge of presidential politics. Here are a few things you can mutter to impress friends and strangers alike.



Perlman Fiddles With Success

By K. Robert Schwarz
NEW YORK — Common wisdom holds that Izak Perlman is at the top of his profession, and, despite occasional complaints from music critics, few musicians would argue with that assumption.



Perlman: 'I'd like to continue the way I'm continuing and not stop musically.'

you start doing something else, you divide the focus to two, and I don't feel I can do that. At one point, I got the musical seven-year itch — you know, after you play seven years, you want to conduct. But you just feel that I may not be as good as I would want to be. It probably is one of the few, rare musical animals who can just continue doing what I started off with.

PEOPLE

A 40th Birthday Party For Charles and 1,500

Prince Charles will celebrate his 40th birthday on Nov. 14 at a party in an inner-city area of Birmingham. The party will be attended by 1,500 of the young people Charles has helped through the Prince's Trust charity he founded.

Natasha Makarova will bring her production of the classical Russian ballet "La Bayadere" from New York to London next May. Filling a gap in the Royal Ballet's schedule.

David Wise, who wrote the best seller "The Spy Who Got Away," has received a telephone call from the escaped — Edward Lee Howard, the first CIA agent to ever defect to the Soviet Union.

Mickey Mouse will meet Misha the bear, the Soviet mascot, when four Walt Disney cartoon classics are shown in the Soviet Union.

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